

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E 25

REMARKS

I. All Claims – 35 U.S.C. 103 Rejection – Ferstenberg ‘318 Modified by Luke ‘087.

Applicant submits that modifying Ferstenberg ‘318 in the manner proposed in the Office Action would not be appropriate or obvious, for the following reasons:

A. Intermediated Exchange is a Basic Operating Principle of Ferstenberg ‘318.

It would not be obvious to modify Ferstenberg to switch from intermediated exchange to direct contact between the parties, because intermediated exchange is a basic operating principle of Ferstenberg ‘318, and a proposed modification is unobvious if it alters a basic operating principle.

MPEP 2143.01 states: “If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F. 2d 810, 123 USPQ 349 (CCPA 1959)”.

The following passages in Ferstenberg – from the title to the Abstract, and everywhere in between - make clear that intermediated exchange is a basic operating principle:

- 1) “Computer System and Method *for Intermediated Exchanges*”. See Title.
- 2) “An intermediated exchange involves negotiated trading between two or more participants through a third-party, the intermediary. Specifically, *in such an intermediated exchange, the parties do not communicate directly with each other*, but rather through the third-party intermediary”. See Col. 1, lines 20-24.
- 3) “The intermediary and the e-agents exchange messages in order to arrive at a satisfactory *intermediated exchange*. *The e-agents do not communicate directly with each other*, and are not aware of each other’s identity or existence”. See Col. 31, lines 29-33 .

Appn. Number 10/032,535(Shaw, John)GAU 3628Amnt. E

26

- 4) "As illustrated in FIG. 1, *e-agents 1 communicate only with the intermediary 3 and not with each other*. Since the intermediary and an e-agent exchange only offers and counter-offers relative to that agent, no e-agent is "aware" of any other e-agent's activities. Thus, all e-agents act substantially independently...". See Col. 14, lines 32-37.
- 5) "An intermediated exchange can be desirable where multiple participants seek, *through an intermediary*, to buy and/or sell multiple commodities, each with a different price". See Col. 2, lines 11-14 .
- 6) "In addition, an intermediated exchange meeting those portfolio goals for multiple participants requires a computerized solution of what is known as a competitive equilibrium problem... currently, no satisfactory solution exists for that problem *as applied to the specific situations of intermediated exchanges*". See Col.2, lines 53-60.
- 7) "The invention provides a computer system ...*for intermediated exchange* that is capable of facilitating exchanges of multiple commodities for multiple participants according to their goals". See Summary of Invention, Col. 2, lines 64-66.
- 8) "The system of the preferred embodiment implements a negotiation protocol that facilitates *the intermediated exchange* of commodities between any number of participants according to their goals". See Summary of Invention, Col. 3, lines 10-13.
- 9) "The protocol...provides a solution for the competitive equilibrium problem *as it is applied to intermediated exchanges*". See Summary of Invention, Col. 3, lines 20-22.
- 10) "A computer program constructed according to this protocol, together with accompanying hardware, permits participants electronically and automatically to carry out negotiations for the transfer of commodities *through an intermediary*". See Summary of Invention, Col. 3, lines 22-26.
- 11) "A computer program constructed according to this invention includes electronic agents ('e-agents'), each of which represents a participant's exchange goals, and *an electronic*

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E

27

intermediary, through which the e-agents conduct electronic negotiations leading to an intermediated exchange". See Summary of Invention, Col. 3, lines 27-31.

- 12) "According to this invention, the e-agents *negotiate an intermediated exchange through an intermediary computer program*". See Summary of Invention, Col. 3, lines 47-49.
- 13) "Five embodiments of this invention will be described. In a first general embodiment, this invention comprises a computer system *for electronic intermediated exchange* of a plurality of commodities among a plurality of participants". See Summary of Invention, Col. 4, lines 9-12.
- 14) "In a second general embodiment, this invention comprises a computer-based method *for an electronic intermediated exchange* of a plurality of commodities among a plurality of participants". See Summary of Invention, Col. 7, lines 32-35.
- 15) "In a third general embodiment, this invention comprises a computer-based method for representing a participant *in an intermediated exchange of commodities*, the *intermediated exchange* performed by an electronic negotiation with an *intermediary computer program*". See Summary of Invention, Col. 8, lines 61-65.
- 16) "In a fourth general embodiment, this invention comprises a computer-based method *for an intermediated exchange* of commodities among a plurality of participants, each participant represented by an e-agent computer program". See Summary of Invention, Col. 9, lines 55-58.
- 17) "In a fifth general embodiment, this invention comprises an order-manager computer system *for electronic intermediated exchange* of a plurality of commodities among a plurality of participants". See Summary of Invention, Col. 11, lines 1-4.
- 18) Even the section headings in Ferstenberg's detailed description confirm his motivation and operating principle: "The System of *Intermediated Exchange*" (Col. 14); "The Method of *Intermediated Exchange*" (Col. 17); "The Protocol for *Intermediated Exchanges* of the Preferred Embodiment" (Col. 20).

Appn. Number 10/032,535

(Shaw, John)

GAU 3628

Amnt. E

28

Each one of these passages definitively demonstrates that intermediated exchange is a basic operating principle of Ferstenberg. Applicant would like to draw specific attention to passages 13-17, which are taken from Ferstenberg's Summary of Invention section. In these passages, Ferstenberg describes his five embodiments, and every one of those embodiments involves *intermediated* exchange. Direct exchange is not mentioned anywhere.

Applicant would also like to draw specific attention to passages 6-9, which are also taken from Ferstenberg's Summary of Invention section (the section where an inventor states his purpose and objectives). Ferstenberg states that he is trying to provide a satisfactory computerized solution to what is known as a "competitive equilibrium problem". He states further that his invention provides a solution for the competitive equilibrium problem *as it is applied to intermediated exchanges*.

In sum, Ferstenberg is all about intermediated exchange – it is his invention's very reason for being. Thus, the proposed modification is not some minor change that might be considered obvious. It doesn't merely add a feature that was missing from Ferstenberg. Instead, it completely changes the very way Ferstenberg operates – it turns Ferstenberg on its head, and alters its core operating principle.

B. Ferstenberg '318 Does Not Note the Advantage of Direct Negotiation – In Fact, Just the Opposite Is True.

The Office Action states (p. 4, lines 8-9) that "Ferstenberg notes the advantage of direct negotiation" at Col. 12, lines 65-67, implying that the motivation to modify Ferstenberg is found in Ferstenberg itself. This is incorrect. In this passage, Ferstenberg is just showing how a simple non-mediated exchange of offers & counteroffers occurs between two parties, and he states explicitly that *his intermediary can help even in this simple case*.

Ferstenberg does *not* say it is advantageous to have direct negotiation, without an intermediary. Instead, he explicitly says just the opposite - that "*an intermediary according to this invention can provide assistance in realizing a satisfactory exchange even in the simple case*" – i.e., even when only two parties are involved. See also Col. 13, lines 38-58, wherein Ferstenberg describes *how* his intermediary helps in the simple case.

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E

29

Moreover, throughout his disclosure Ferstenberg touts the various advantages of intermediated exchange – that intermediated exchange promotes better confidentiality, a fairer process, and a greater volume of exchanges.

Thus, Ferstenberg provides absolutely no motivation to switch his system from intermediated exchange to direct negotiation.

II. Claimed Features Lacking: Even If Ferstenberg Were Modified by Luke as Suggested, Such a Combination Lacks Features Defined in the Claims:

A. Ferstenberg's "Order Manager System" Is Different Than The Order Management System Defined In Claims 1, 18, 35, 51, 78, 94, 121, and 137.

While Ferstenberg's "Order Manager System" sounds similar to the order management system defined in the claims, it is in fact markedly different in structure and purpose. Ferstenberg's "Order Manager System" encompasses his whole invention, including his intermediary machine which is analogous to the invention's central processing system. See Fig. 5. In stark contrast, in the invention the order management system is distinct from the central processing system.

This key difference is crystallized by the fact that in Ferstenberg, indications of interest are received *into* his Order Manager System, whereas in the invention and claims, indications of interest are received *from* an order management system. In this respect, Ferstenberg is *the exact opposite* of the invention. Nowhere in Ferstenberg are indications of interest received from an order management system into a central processing system, as distinctly defined in the claims. That is because Ferstenberg's Order Manager System *is* his central processing system/intermediary machine – the Order Manager System encompasses the intermediary machine. Simply put, once you have something, you cannot then give it to yourself. Similarly, you cannot receive something from yourself, because you already have it. See the accompanying diagram (attached as Exhibit 1), which further illustrates this key difference.

In fact, Ferstenberg himself makes this difference clear in his disclosure: "The order manager system comprises: a plurality of client-interface electronic processes for communicating with the computers of the participants *in order to receive from the participants* electronic order messages...". See Col. 11, lines 4-9.

Appn. Number 10/032,535

(Shaw, John)

GAU 3628

Amnt. E

30

B. Neither Ferstenberg Nor Luke Disclose The Matching Process Defined In All The Claims.

The invention includes a matching process wherein a central processing system analyzes incoming indications of interest, and when it finds a match between contraparties, notifies the contraparties that a match has occurred. In contrast, Ferstenberg is an iterative intermediated negotiation, wherein the system merely sends out successive offers until finally an offer is satisfactory to the party. Then the party – not the system – signals that it is satisfied, by sending the system a counteroffer that equals the last offer received from the system. See Fig. 9 and Cols. 17-19, espec. Col. 19, lines 47-55.

In addition, Ferstenberg does not involve selecting particular contraparties – i.e., a subset – from out of the entire universe of potential transferees and transferors that submit indications of interest. His system is a pooled exchange, wherein all the participants' opening submissions are thrown into the mix, and the mix is then allocated among the participants. See, inter alia, Col. 15, lines 12-16 and Col. 18, lines 45-55. Not surprisingly, the word “match” is not found anywhere in Ferstenberg.

Accordingly, Ferstenberg does not disclose *identifying contraparties to a transaction based on a determination of whether a match has occurred* between the contraparties, as distinctly defined in the claims. Ferstenberg already knows who his participants are, and is instead concerned with maximizing the total amount of commodities exchanged among the participants while fairly allocating those amounts. See Col. 19, lines 2-5.

Ferstenberg also does not disclose *notifying the contraparties (or their representative) that a match has occurred*, as distinctly defined in the claims. The sending out of successive offers, in keeping with Ferstenberg's iterative intermediated exchange objective, does not constitute notifying the contraparties that a match has occurred between the contraparties.

In order to make these differences even more clear in the claims, Applicant has amended Independent Claims 1, 18, 35, 51, 78, 94, 121, and 137 to insert the phrase “between the contraparties” after “match” in the notifying step. It was agreed in the interview that further defining the match as between the contraparties overcomes the prior art.

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E

31

C. Neither Ferstenberg Nor Luke Disclose The Transaction Message Defined In Independent Claims 52, 62, 105, 115, 148, 158.

These claims clearly define that the transaction message, sent by the system after it finds a match between the contraparties, "includes the transaction indication corresponding to *each* of the matching entries". The Office Action (page 10) states that Ferstenberg discloses this feature in Col. 5, lines 4-16. This is incorrect. This passage in Ferstenberg says no such thing. Ferstenberg's offer message does not contain the indications of interest of *each* contraparty. Rather, Ferstenberg's message is just an offer in response to a participant's initial opening or subsequent counteroffer, in keeping with his iterative mediated exchange operating principle.

Ferstenberg himself states this in his disclosure (Col. 14, lines 1-15):

"In the following detailed description, an 'offer' for a commodity is an electronic message sent from an intermediary to an e-agent that includes the amount of the commodity that the intermediary has made available to the e-agent to buy or sell at a given stage of the electronic negotiation. A 'counter-offer' for a commodity is an electronic message sent from the e-agent to the intermediary that includes the amount of the commodity that the e-agent intends to buy or sell at this stage of the electronic negotiation. An 'opening' for a commodity is an initial electronic message sent from an e-agent to the intermediary that includes the maximum amount of a commodity that the e-agent intends to buy or sell in a given negotiation."

III. FURTHER DISCUSSION OF CLAIM CHANGES

Independent Claims 1, 18, 35, 51, 78, 94, 121, and 137 have been amended to insert the phrase "between the contraparties" after "match" in the notifying step, and this change overcomes the prior art. The transaction message content defined in Independent Claims 52, 62, 105, 115, 148, 158 also overcomes the prior art.

Of note, in the 4/27/06 interview, Applicant and Examiner discussed a way to make the structural difference between the invention's order management system and Ferstenberg's "Order Manager System" even more clear in Independent Claims 1, 18, 35, 51, 78, 94, 121, and 137. Specifically, the claims could be amended to state that the order management system

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E 32

is connected to the central processing system.

This would make the structural difference between the invention's order management system and Ferstenberg's "Order Manager System" even more clear, because after all, Ferstenberg's "Order Manager System" cannot be connected to itself. Thus, if the Examiner believes that the suggested modification of Ferstenberg does not alter its intermediated exchange operating principle, and that further defining the match as between the contraparties also does not overcome the prior art, then Applicant is receptive to adding the "is connected to" phrase to the claims in order to secure allowance.

In addition, Applicant is receptive to also making the "match between the contraparties" claim change to Independent Claims 52, 62, 105, 115, 148, 158, to even further define these claims over the prior art.

Further, applicant amended the claims to add "between the contraparties" after the recitation of "match" in the notifying step of the process, because that was the location discussed in the interview. There are other locations in the claims where "between the contraparties" can be alternatively or additionally added, and Applicant is receptive to changing the location of the "between the contraparties" phrase in order to maximally define the claims over Ferstenberg.

IV. DEPENDENT CLAIMS

Finally, because independent claims 1, 18, 35, 51, 52, 62, 78, 94, 105, 115, 121, 137, 148, and 158 now define patentably over the prior art, their respective dependent claims 2-17, 19-34, 36-50, 68-77, 53-61, 63-67, 79-93, 95-104, 106-114, 116-120, 122-136, 138-147, 149-157, and 159-163 also define patentably for the same reasons.

INVENTOR INTERVIEW SUMMARY

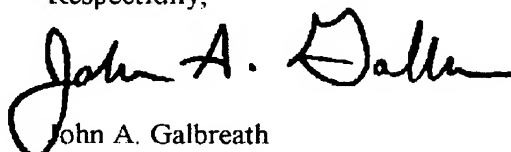
Pursuant to MPEP § 2281, Inventor hereby adopts the substance of the 4/27/06 interview, as noted in the Interview Summary.

Appn. Number 10/032,535 (Shaw, John) GAU 3628 Amnt. E 33

CONCLUSION

For all of the above reasons, Applicant requests reconsideration of the obviousness rejections. Applicant submits that the claims all define patentably over the prior art. Therefore Applicant submits that this application is now in condition for allowance, which action it respectfully solicits.

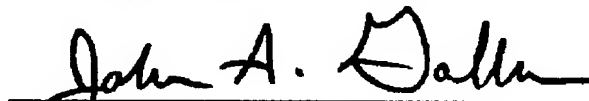
Respectfully,


John A. Galbreath
Reg. #46,718

Galbreath Law Offices, P.C.
2516 Chestnut Woods Court
Reisterstown, MD 21136
Tel. (410) 628-7770

Certificate of Fax Transmission: I certify that on the date below, this document and referenced attachments, if any, was faxed to the U.S. Patent Office at 571-273-8300.

5 May 2006


John A. Galbreath